

The Board Director Training Institute of Japan (BDTI)

The Board Director Training Institute of Japan (BDTI) is a non-profit incorporated association dedicated to improving corporate governance and related management processes in Japan. BDTI's primary mission is to train directors, statutory auditors and managers regarding corporate governance, effective board practices, and compliance. In order to provide comprehensive programs of the highest quality at reasonable cost, as necessary it collaborates with major law firms, top consultants, academicians, and other experts as necessary. BDTI's focus is on the *entire* board and those who support it, including both internal and external persons.

Such programs fill a pressing need in Japan because: (a) currently there are very few comprehensive “director training” programs in Japan offered by specialists; and (b) those programs that do exist, are mainly internal training exercises that focus only on minimal legal and compliance knowledge and thus do not prepare board members to conduct oversight over important topics such as risk management, financial statement review, large investments, strategic decisions, and M&A transactions. In short, customary governance training (when and if offered) is limited, and is not linked in a practical or effective manner to many of the most important issues that should be the subject of oversight by the board. Moreover, different from many other jurisdictions, Japan has no rules requiring director training, or disclosure about it.

BDTI's other mission is to increase understanding about corporate governance and its benefits among employees and the general public through education and information dissemination by offering (a) public seminars, (b) low-cost E-Learning, (c) speaker events, and (d) an internet discussion forum and a documents/data library.

Increasing broad-based understanding about the societal benefits (in terms of safety, the environment, and economic welfare) that arise from healthy corporate governance is important to restore confidence in capital markets and corporations, promote investment, and increase ESG awareness and investment strategies which can result in a virtuous cycle in Japan.

BDTI is the only group in Japan certified by the government as a prestigious tax-exempt “public interest organization” (a *koeki shadan hojin*) with respect to activities in the areas related to its two “missions”. This is a milestone, because the Japanese government has lent its support by acknowledging that training about corporate governance serves the public interest. BDTI's founders, board members, advisors, and supporters consist of opinion leaders and experts on corporate governance with distinguished academic, industry, and government backgrounds in Japan.

In the initial period following its certification, BDTI will continue to be slightly dependent on donations from its supporters. Three years ago, because BDTI was able to gather donations from a large number of persons, it qualified for a new tax status whereby for the next five years donors will enjoy especially beneficial tax treatment.

The English version of BDTI's web site is <http://bdti.or.jp/english/home> (summary of BDTI: <http://bdti.or.jp/english/introduction>). Details about how to donate are available at <http://bdti.or.jp/english/donate> . Contact: info@bdti.or.jp .

Why Training is the Key to Reforming Corporate Governance in Japan

In June, 2014, Japan's growth strategy set forth the improvement of corporate governance and profitability, supported by the adoption of more independent directors and a corporate governance code, as its primary "pillar". This historical decision, which was partly the result of BDTI's own activities, holds great potential for investors and Japanese companies alike. The key question is, "how can we all turn the government's goals into a reality?"

The new strategy does not mean that governance at *all* Japanese companies will quickly improve. Rather, it means that there will be an accelerating divergence between: a) sophisticated companies which appoint multiple qualified independent directors, and train their own internal executives so that they possess the full range of oversight skills needed to serve as responsible directors; and b) firms which attempt to maintain an opaque policy of nominating (promoting) internal executives based on loyalty and past service, irrespective of their qualifications and mindset as future directors.

As I know from personal experience, Japanese executives with enough awareness of governance principles, and shared essential skill sets, can effectively work with dedicated independent directors so as to significantly raise shareholder value. If a high level of knowledge about (a) governance practices, processes and duties; and (b) financial management techniques is shared by both executives and outside directors, this is more likely to occur in Japan than would be the case in many other markets because:

1. Contrary to popular belief, shareholders in Japan are given strong rights by the Company Law, and these rights are now coming into greater use. For instance: a) the Company Law confers full "access to the proxy" at a low investment-amount hurdle, and shareholder proposals are becoming more frequent; b) per-item vote count results at AGMs are now disclosed, producing a "feedback loop"; and c) Japanese executives are generally not overpaid¹, and in fact it is difficult for that situation to occur, because all director compensation must be approved in some manner by shareholders. As a result, there is a much smaller tendency for executives to "raid the cookie jar" or promote policies that will lead to short-term profit at the expense of long-term value.²
2. One should not over-generalize, but *when* they know what is required and expected of them, Japanese managers are generally diligent and compliant with that standard. Especially when trained by external parties so as provide a third-party reality check that "raises the bar" of expectations and awareness of liability, a virtuous cycle of mutual expectations can set in. Under these circumstances, in a collectivist organization the executives tend to "monitor" each other, for the sake of the company.
3. Decision-making in Japanese corporations occurs in a "bottom-up" manner more frequently than in Western organizations. As a result, if the middle layer of management knows the sort of governance they should expect from their seniors in order to "run a tight ship" and maximize the future vitality of their own company, over time those expectations tend to filter up and influence the actions of senior executives more than would be the case in a Western company. When the middle managers are promoted, this reinforces the cycle, improving corporate governance culture and tendencies for rigorous management.

Because for the meantime most Japanese boards will continue to be dominated by internally-appointed executives, the key to improving governance quality at Japanese companies is the *knowledge, training, and dedication* of those executives. The quality of independent outside directors is also very important, but based on my own eight years of experience as a board member here, there is a limit as to what a small number of INEDs can do if the "inside" directors do not know enough about (or care enough about) finance

¹ If anything, most Japanese companies should raise the proportion and level of executive compensation that is linked to long-term performance, using compensation plans that are monitored by independent outside directors.

² For the same reason, different from the West, most corporate governance failures in Japan are not the result of personal greed taking the fore, but rather the result of groupthink or collectivist cover-ups which the players wrongly and ineptly rationalized as being justified in order to protect the company from shame or default.

and governance principles and are not fully aware of their duties and liabilities as directors. If management has deaf ears to good governance the INEDs will be unable to affect many decisions that could affect value in a major way. However, even a small number of INEDs can be effective if management has the right mindset and knowledge base, and sees good governance as being in the company's interest. This mindset change, and necessary training, will occur much sooner if stakeholders in Japanese companies (especially, shareholders) weigh in on the topic.

It is essential that major shareholders communicate to companies in Japan that they consider the following concrete actions to be extremely important: a) governance-related training a) of all senior managers and board candidates; b) by third-party specialists; c) prior to their nomination as directors; d) pursuant to a disclosed corporate policy. Major shareholders need to communicate by their own example that these "actions speak louder than words"; and that in fact, having a policy for governance and compliance training is nothing more than good management. Publicly sponsoring BDTI is an excellent way to do this, as part of basic "stewardship".

The Board Director Training Institute of Japan (BDTI) is an Essential Change Agent

The largest barriers to better boards in Japan stem from the fact that historically, most board members (directors and statutory auditors) have been managers promoted from within the firm. This mix is slowly changing. However, without practical training provided by third-party professionals, the historical barriers to effectiveness will remain long after the addition of more outside board members, and the quality and effectiveness of those outsiders will remain low. *Three barriers must be overcome if Japanese boards are to act as more effective oversight bodies:*

1. There is wide variance in the degree of dedication to, and understanding of, the role and duties of a board member as distinct from those of a senior employee in a collectivist organization. Far too many companies and executives view "election as a board member" as simply "another managerial promotion, with more authority".³ Outside board members, as a distinct minority, tend to fall in line with this hierarchy unless the internal board members (not to mention the outside directors themselves) are aware of what investors and the law expect from them.
2. Most companies do not provide meaningful training for board members, much less before nomination. Many provide none at all. But even where training does exist, it is provided in separate "silos" with no mixing of perspectives and the experience of outsiders, *after* board members are elected rather than before.⁴ As a result, common knowledge about basic corporate governance concepts does not extend broadly throughout organizations, and is spotty among many of the managers who are supporting the board.
3. As a result, the four different types of board members – internal and external directors, and internal and external statutory auditors – often do not share "common toolkits" of minimum knowledge about governance and modern management, and do not necessarily share a unified concept of their respective roles. Consequently, many boards are formalistic and unsure of their mission, and do not effectively draw upon the experience of outside board members. They can tend to become meetings between different divisional heads ("silos") who are competing for

³ As a result one sees the odd situation where the head of Sales or Products Development has just been "promoted" to serve as the "full-time" statutory auditor, and admits he that he will have to spend the first two years of his four-year term learning about accounting and law – the very subjects of a statutory auditor's principal duties.

⁴ The largest companies sometimes have their own so-called "director training" programs, but such programs are just for the internal *directors* and not statutory auditors or outside directors, and often they are really just general management training or they only focus on providing the minimum legal and compliance knowledge *after* the board slate has been elected. Statutory auditors who wish can take courses given by the Statutory Auditors' Association (which are not required), but those courses focus only on specific accounting, audit and compliance knowledge. Aside from BDTI, there are no organizations focusing on high-level governance-related training *for all board members and executives who report to the board.*

resources and support.

BDTI has been designed to help Japan overcome these historical barriers, by:

1. Providing inexpensive E-Learning modules so that mid-level managers can become familiar with the Company Law and corporate governance, long before they are promoted to the board – thereby making governance topics a part of the standard training regime for promotion, and part of corporate governance culture.
2. Offering group seminars and intensive (one or two-day) director training courses that include all players in the game – all types of members of the board, and from different companies as well – so that they can share and understand each other’s perspectives. BDTI also provides training programs that are customized for particular companies, upon request.
3. Providing board members with a common “toolkit” of knowledge not only about corporate governance and best practices, - including the notion of a “ real supervisory board” - but also about the key topics that are the subject of board oversight: financial management, risk management, reading financial statements, corporate strategy, reviewing M&A transactions, multinational organizational design, and succession planning.
4. Maximizing the legitimacy and perceived importance of director training, by obtaining approval by the government as a non-profit “public interest” organization, which in Japan is a prestigious “accredited” status. (Formerly, such organizations were only formed by bureaucrats.)

With your generous support, BDTI can expand its activities and fulfill its mission to make Japan's boards more active, vital, and attuned to seeking higher returns to shareholders⁵ while also supporting other stakeholders.

Nicholas Benes

Representative Director, The Board Director Training Institute of Japan

Proposer of Japan’s Corporate Governance Code (in 2013, to dietman Yasuhisa Shiozaki)

Follow-up advisor on its content (to Motoyuki Yufu of the Financial Services Agency)

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Summary of BDTI: <http://bdti.or.jp/english/introduction>

Home page: <http://bdti.or.jp/english/home>

⁵ In its recent "CG Watch 2012" report which downgraded Japan's governance ranking in Asia to 4th place, the **Asian Corporate Governance Association (ACGA)** specifically mentioned BDTI as one of the few positive factors working to develop better "CG Culture" in Japan: "Meanwhile, a group of CG experts in Japan set up a new non-profit organization, the Board Director Training Institute (BDTI), to offer continuing education of this type. BDTI is the only group in Japan certified by the government as a tax-exempt “public-interest organization” working in this field. This is a significant achievement and marks the first time that the Japanese government has acknowledged corporate governance training as being in the public interest." When referring to the countries for which ACGA upgraded overall CG scores, ACGA referred to their "fairly well-established eco-systems supporting director training and board development", while pointing out that in contrast, "Japan is lagging most markets in not requiring any training of directors, which is shocking when the statutory auditors (i.e., audit committee equivalent) are supposed to be the guard dogs of governance."

Recent and Upcoming Programs Offered by BDTI

(Note: below, we have listed BDTI's *group* programs. BDTI also offers low-cost E-Learning, consisting of four hours on the Company Law and about 45 minutes on the securities law; and "customized" courses for single companies.)

BDTI's Main "Director Training" Course – (offered regularly in Japanese)

BDTI 国際ガバナンス塾; either one or two intensive days in length.

Lecturers for the regular Japanese course appear below.

Nicholas Benes (Representative Director of BDTI)

Sachiko Ichikawa (Attorney, Tanabe Law Office; Director of BDTI)

Kenichi Osugi (Professor of Law, Chuo University law School, Director of BDTI)

Mikiharu Noma (Assoc. Prof., Hitotsubashi Univ. Graduate School of Int'l Corporate Strategy (ICS), and Statutory Auditor of BDTI)

Subjects covered in the regular course. Lectures are interspersed with frequent interactive discussion and mini-cases.

- Why is governance so important? What are the key roles, responsibilities and liability of board members?
- What are the "director skills" one should hone, and why? Introduction to "best practices"
- Group decision-making; behavioral tendencies to be aware of, and deal with
- Legal duties of directors; the duty of due care, and how courts view it in Japan (mainly, case discussion)
- Roles of directors and boards that are expected by investors under the Corporate Governance Code
- Japanese securities law fundamentals and liability issues
- Essentials about internal control that board members need to know
- Reading financial statements: seeing behind the numbers, and asking the right questions (cases)
- How to think about ROE and other ROI measures, the cost of capital, and the cash recovery cycle
- What investors expect from boards and management (examples)
- Do you know enough about your firm's D&O policy? What policies in Japan often do not cover

Seminars and English Director Training in the Past

1) On September 16, 2011, Thomson Reuters and Westlaw Japan hosted BDTI's highly successful first event, on the topic of "**How Can Amendment of the Company Law Improve Corporate Governance?**" On the panel, led by Prof. Osugi of Chuo Law School, were two members of the MOJ's committee on Company Law amendment (Professors Nomura and Tanaka); one of Japan's most prominent corporate lawyers (Kenichi Fujinawa of Nagashima, Ohno & Tsunematsu); and the well-known CIO of Tokio & Marine Asset Management, Hirofumi Kasai.

2) On October 18, White & Case hosted BDTI's popular seminar on "**The Global Wave of Anti-Corruption Law**". Our main speaker was Arthur Mitchell, senior counsel at White & Case - Japan and the former General Counsel at the Asia Development Bank, for whom abolishing corruption is a very big issue because it is estimated that more than 5% of global GDP is lost because of corruption. He was followed by Dan Konigsburg, Managing Director at Deloitte Touche Tohmatsu Ltd.'s Global Corporate Governance Center. Last but not least, Grant Newsham, Executive Director in charge of corporate security at Morgan Stanley Japan also spoke about methods for avoiding dealings with anti-social organizations.

3) On October 28, BDTI held a seminar on the topic of "**What Board Members Should Know About Risk Management**", led by Attorney and Certified Fraud Examiner Toshiaki Yamaguchi, creator of one of Japan's most popular blogs on legal topics and a specialist in compliance and fraud prevention (and a CFE), and Mr. Niki, a CPA and an expert member of Deloitte's Enterprise Risk Services team.

4) On November 28, BDTI held a seminar on "**Large Shareholders in Japanese Companies, and Proxy Voting**", with speakers Nicholas Benes of BDTI, Hiroyuki Matsuzaki (head of the TSE's listing division), and Takeyuki Ishida, in charge of proxy voting at Institutional Shareholder Services, Inc. (ISS) in Tokyo. Mr. Ishida explained ISS' recent voting policy changes for Japan in depth, and Mr. Matsuzaki explained

the TSE's position at that point regarding listing criteria impacting the Olympus situation.

- 5) On March 12, 2012, Major law firm TMI hosted BDTI's seminar entitled **“Thinking About Corporate Governance: the Proposal by the Democratic Party’s ‘Working Group’.”** Our main speaker was Shinsuke Amiya, a Lower House member who is a leader of the Working Group. He was followed by Masami Hadama, an ex-MOJ attorney at TMI Associates. Later, Nobumichi Hattori (external director at FAST Retailing and visiting Professor at Waseda Graduate School), Yuzuru Mizuno (outside director at Kubota Group and former director at Panasonic), and Nicholas Benes of BDTI joined a panel discussion led by Prof. Osugi of Chuo Law School.
- 6) On March 13, 2012, BDTI held a seminar focusing on **“How Governance Mis-Steps and Scandals Start: Their Hidden ‘Seeds’ - How to Get the Most Risk Protection While Minimizing Costs”**, featuring analysis of a number of past incidents in a deep-drilldown exposition by the popular Attorney and Certified Fraud Examiner Toshiaki Yamaguchi.
- 7) On April 13, BDTI held a seminar explaining about **“Engagement and IR in the New Phase that Has Just Begun, - the Post Cross-Shareholdings Period”**, featuring presentations by the well-known Takaaki Eguchi at Blackrock Japan, Stephen Givens (an experienced attorney and experienced advisor regarding IR and crisis communications); and Koichiro Nagnuma, Chairman and Director at Asatsu DK, the advertising firm that had just put in place a board with several outside directors and progressive, performance-linked executive compensation plan.
- 8) On May 12, 2012, BDTI held its very first **“English Language “Director Boot Camp”** training program, a one-day course teaching attendees what they need to know in order to responsibly serve on , or report to, boards of Japanese companies. The course consists of lectures interspersed with interactive discussion about real-life situations and how to handle them. Example course material included: (i) what is legally required of board members under the Japanese Company Law? (ii) liability issues that directors should be aware of; (iii) the role of statutory auditors, the audit process, and the internal control system; (iv) the role of the board in strategy, succession planning, and risk management; and (v) “best practices” and committees. We often have Japanese participants.
- 9) In May, 2012, together with the Canadian Chamber of Commerce in Japan, BDTI organized a well-attended seminar event on the timely topic of **“After Olympus, What do Foreign Investors want from Japanese Companies?”**
- 10) On May 30, 2012, BDTI held a seminar drilling down on the important topic of **“Securities Law Disclosure Violations: What Directors Need to Know”**, led by experienced lawyers Seishi Ikeda of Baker & McKenzie and Sachiko Ichikawa of Tanabe & Partners. This program focused on key aspects of securities law, recent precedents and interpretations, and what board members most need to know about coping with infractions and their own responsibilities.
- 11) On June 23, 2012, BDTI held its second **“English Language “Director Boot Camp”** training program, a one-day event similar to the first offering of this program (#8 above), but fortified with additional content about the role of kansayakyu, best practices to ensure accountability and effectiveness (such as the use of corporate secretaries), and issues affecting private as well as public companies.
- 12) On July 12, 2012, BDTI led a seminar entitled **“Recovering Market Trust: Determination of the FSA to Not Tolerate Window-Dressing”**, focusing on the FSA's enforcement of audit practices (by public audit firms), and best practices for kansayaku and outside audit firms to cooperate so as to ensure trustworthy audits. The lead speakers were Kiyotaka Sasaki, head of the FSA's Audit Inspection Division and formerly with the SESC, and Kunimichi Gamou, former full-time statutory auditor at Toyo Engineering. Experienced panelists came from BDTI and TMI Associates.
- 13) On July 14, 2012, BDTI held a seminar on the topic of **“How Can Companies Deal with the Risk of ‘Unintended’ False Disclosures?”** CPA and former SESC Advisor Ayumi Uzawa explained how frequent unintended false or misleading disclosures are (they are 40% of SESC violation cases), that they present substantial risks including potential for large fines, how the SESC often is easily able to detect them, and how companies can organize themselves so to detect infractions early and cope with them when they occur.

- 14) In August of 2012, BDTI gave a **customized director training course** to executives and board members at a Japanese company and its overseas affiliates, and provided tutoring in English on corporate law and governance topics to executives in the subsidiary of a major Japanese corporation.
- 15) In August, BDTI also commenced offering **consulting services to Japanese companies and their IR departments** with regard to describing their governance practices better, including designing and describing “road map” plans to improve their governance in the future.
- 16) On September 25, 2012, BDTI held its third **“English Language “Director Boot Camp”** training program.
- 17) In October of 2012, BDTI organized a seminar with Attorney Katsuya Natori as lead speaker, focusing on the theme of **“Learning from International Best Practices to Improve Governance and Compliance”**, and in particular on the role of General Counsel and other executive officers. Nicholas Benes was a secondary speaker. Mr. Natori had recently been appointed as a statutory auditor at Olympus.
- 18) In October BDTI also held a seminar on the subject of **“Gender Diversity in the Board Room: Why it Matters, and How to Increase it”**, arranged in cooperation with TMI Associates, the American Chamber of Commerce in Japan, and McKinsey & Company. The head of McKinsey in Tokyo, Georges Desvaux, and Christina Ahmadjian of Hitotsubashi University (a member of two boards in Japan), were lead speakers.
- 19) A third seminar in October focusing on **“Managing Risk with Succession Planning”** was led by BDTI Representative Director Takaaki Wakasugi, and followed by presentations by Osamu Sakai, founding Representative Director of the executive search firm, ProNed, and Nicholas Benes.
- 20) On November 16, 2012, BDTI held its 4th **“English Language “Director Boot Camp”** training program.
- 21) In January 2013, attorneys Theodore Paradise and Mork Murdock of Davis, Polk and Wardwell LLP led a BDTI seminar about **“How to Reduce the Chance of Prosecution Under the FCPA to a Minimum”**. This well-attended event included a detailed explanation of all the internal systems that Morgan Stanley had in place which persuaded the U.S. authorities not to sue when a rogue employee in China paid bribes.
- 22) In February 2013, BDTI hosted **events by the Professor Martin Hilb of the University of St Gallen**, when he visited to Japan after we translated his famous book, “New Corporate Governance” into Japanese.
- 23) On February 20, 2013, BDTI held its 5th **“English Language “Director Boot Camp”** training program.
- 24) On June 4, 2013, BDTI held its 6th **“English Language “Director Boot Camp”** training program.
- 25) In June 2013, BDTI organized a seminar on **“Emerging Issues in Pension Fund Governance”**, with lead speakers Hiroshi Miyai, Executive Director at Nikko Financial Intelligence and attorney (and BDTI board member) Sachiko Ichikawa of Tanabe Law Offices.
- 26) On July 24th, 2013, BDTI held a seminar on **“Japanese Corporate Strategy”** presented by Kazuhiro Mishina, the well-known professor of management at the graduate school of Kobe University. In one of his many popular books, he has written that: “Reinvention [of strategy] cannot occur as an extension of current business models. It is necessary to make drastic reforms, such as dismantling business departments of products that have been commoditized, and giving more authority to engineers who have unique ideas.”
- 27) On July 30, 2013, BDTI held its 7th **“English Language “Director Boot Camp”** training program.
- 28) On August 29, 2013, BDTI held a seminar on **“Corporate Management and Corporate Technology”** presented by Ken Takeuchi, a Professor at the Department of Electrical, Electronic, and Communication Engineering, Faculty of Science and Engineering of Chuo University.
- 29) On October 11, 2013, BDTI held its 8th **“English Language “Director Boot Camp”** training program, and will offer the course again on December 12, 2013 and on February 20, 2014.

30) On October 30, 2013, BDTI held a seminar on **“Corporate Globalization and Directors’ Potential Overseas Liabilities”** presented by Atsushi Yamada, a partner at Bingham McCutchen Murase, Sakai Mimura Aizawa — Foreign Law Joint Enterprise and Mr. Seiji Yamakoshi, a Director at Federal Insurance Company (Chubb).

31) In October of 2013, Representative Director Nicholas Benes spoke at the “Japanese Corporate Governance Conference: ‘Capital Markets and the Law in Japan: Legal Reforms & Corporate Governance’”, sponsored by the UC Hastings College of the Law and the Japan Society of Northern California, on the topic of **“Director Training: The Easiest, Most Obvious Way to Improve Japanese Boards”**.

32) Representative Director Nicholas Benes led a workshop on **“Integrating Corporate Governance Processes”** at the 2013 Global CSR Conference held in Seoul, Korea, November 12–13. . This event was co-hosted by the United Nations Global Compact Korea Network and the Ethics & Compliance Officer Association, in cooperation with the Korea Management Association Consulting. The conference aimed to promote the mainstreaming of United Nations Global Compact principles into companies and energize the discourse on a corporate management paradigm that effectively incorporates ideals of anti-corruption, sustainability, ethics, and responsibility.

33) In November of 2013, BDTI held a seminar on the topic of **“Proxy Voting Criteria in Japan: The Role of Institutional Investors and the Impact of Proxy Voting Advisors”**, co-hosted with the law firm of TMI Associates. Lead speaker Takeyuki Ishida, Vice President of Institutional Shareholder Services (ISS), was followed by TMI Attorney Masami Hadama (ex-MOJ), and fund managers Takaaki Eguchi of Blackrock Japan and Hiromitsu Kamata of Amundi Japan.

34) On December 12th, 2013, BDTI held its 9th **“English Language “Director Boot Camp”** training program.

35) In February of 2014, BDTI held a seminar on the topic of **“The Stewardship Code and Foreign Investors’ Demand for ESG Information Disclosure: Next, a Corporate Governance Code?”**, co-hosted with Hitotsuashi ICS and the ESG Communication Forum. Co-Lead speakers Masaru Arai, Chairman of SIF-Japan, and Hiroshi Miyai, Director of Nikko Financial Intelligence, were followed by Professor Bruce Aronson of Hitotsubashi ICS.

36) On February 20th, 2014, BDTI held its 10th **“English Language “Director Boot Camp”** training program.

37) In February and March of 2014, BDTI held a seminar on the topic of **“Should You Shift to the New Audit Committee-Style Company Format in the Amended Company Law? – Pros and Cons”**, co-hosted with the law firm of Tanabe & Partners. Lead speaker Kazuyuki Nakanishi, Partner of Tanabe & Partners, was followed by Satoshi Miura of METI, Nicholas Benes of BDTI and Sachiko Ichikawa, Partner of Tanabe & Partners.

38) In March of 2014, BDTI held a seminar on the subject of **“Comparing Audit Committees to Kansayaku Boards”**, co-hosted with Hitotsubashi ICS and based on major report to which BDTI contributed. Lead speaker Jamie Allen, Founding Secretary General of the Asia Corporate Governance Association (ACGA), was followed by Sumitaka Fujita, Chairman of Japan Association for CFOs, Soichiro Uno, Partner of Nagashima Ohno & Tsunematsu, Nicholas Benes of BDTI and Bruce Aronson of Hitotsubashi ICS.

39) On April 4th, 2014, BDTI held its 11th **“English Language “Director Boot Camp”** training program.

40) In April of 2014, BDTI commenced a new English-language training program, **“Reading Japanese Financial Statements as a Board Director”** .

41) On May 26, 2014 BDTI held a seminar on the subject of **“What Can Japan’s Corporate Governance Code Learn from Other Countries ?~ Thinking Beyond the Stewardship Code”**, co-hosted with Hitotsubashi ICS . Keynote speaker and high-ranking LDP dietman Yasuhisa Shiozaki was followed by a number of expert speakers, including Professors Bruce Aronson, Soichiro Kozuka, Takaya Seki, Nicholas Benes, and LDP dietman Masahiko Shibayama.

- 42) On June 12th, 2014, BDTI held its 12th **“English Language “Director Boot Camp”** training program.
- 43) On July 8th, 2014, BDTI held its 13th **“English Language “Director Boot Camp”** training program.
- 44) On July 10th, BDTI held a seminar focusing on **“The Intersection of Stewardship, Engagement, and Activism ~Developments Overseas, and How Companies Should React”**, with lead speaker Toshio Tamura of Mizuho Securities, ex-Shiseido IR expert Naomi Yamasaki, and panelists Motoyuki Yufu (Section Chief of the FSA’s Disclosure Section) and Yuya Shimizu of Dalton Advisory.
- 45) On September 30th, BDTI held a seminar focusing on **“Cyber Security and Corporate Governance”**, with lead speaker Mitsuhiro Maruyama of Deloitte Touche Tohmatsu Risk Services, Koichiro Hayashi of IISEC, and panelists Nicholas Benes and Hiromichi Yuasa of IISEC.
- 46) On October 6th, BDTI held a seminar focusing on **“Risk Management Mistakes that Japanese Companies Can Easily Make”**, with lead speaker Tadashi Kageyama of Kroll International Inc., Atsushi Yamada of Bingham McCutchen LLP, and panelists Seiji Yamakoshi of Chubb Group of Insurance and Nicholas Benes.
- 47) On October 10th, 2014, BDTI held its 14th **“English Language “Director Boot Camp”** training program.
- 48) On October 16th, BDTI held a seminar focusing on **“What does “becoming a global company” really mean? What sort of organization and practices does it require?”**, with lead speaker Rochelle Kopp, Managing Principal of Japan Intercultural Consulting, Masataka Ueda of Dinos Cecile Co., Ltd., and Franz Waldenberger of Deutsches Institut für Japanstudien and a panelist Nicholas Benes.
- 49) On November 14th, BDTI held a seminar focusing on **“What directors need to know about M&A transactions”**, with lead speaker Kensaku Bessho of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Kenneth J. Lebrun of Shearman & Sterling LLP, and a panelist Nicholas Benes.
- 50) On December 9th, 2014, BDTI held its 15th **“English Language “Director Boot Camp”** training program.
- 51) On March 3rd, 2015, BDTI held its 16th **“English Language “Director Boot Camp”** training program.
- 52) On March 6th, BDTI held a seminar focusing on **“Corporate Governance Code and its implementation”**, with lead speakers Masahiko Shibayama of LDP and Motoyuki Yufu of FSA and , panelists Akitsugu Era of BrackRock, Nobuo Funahashi of Ernst & Young ShinNihon, Masataka Ueda of Dinos Cecile Co., and Nicholas Benes.
- 53) On April 10th, BDTI held a seminar focusing on **“ROE and Capital Costs”**, with lead speakers Mikiharu Noma of Hitotsubashi ICS, Satoshi Ando of Omron and Nicholas Benes.
- 54) On June 2nd, 2015, BDTI held its 17th **“English Language “Director Boot Camp”** training program.
- 55) On July 2nd, BDTI held a seminar focusing on **“How to Improve Japanese Corporate Governance and Board Practices by using the CG Code”**, with lead speakers Chieko Matsuda of Tokyo Metropolitan University, Kiyomi Saito of JBond Totan Securities Co., Ltd., Mikiharu Noma of Hitotsubashi ICS, and Nicholas Benes.
- 56) On June 27th 2015, BDTI held its 18th **“English Language “Director Boot Camp”** training program.
- 57) On September 27th, Nicholas Benes was the lead speaker in a 4-hour seminar, **“The Complete Seminar on Complying with the Corporate Governance Code”**, arranged by Mizuho Research.
- 58) On December 8th, 2015, BDTI held its 19th **“English Language “Director Boot Camp”** training program.
- 59) To date, BDTI has provided its **Japanese-language director training program 18 times**, since commencing in December of 2011.

60) Representative Director Nicholas Benes has given numerous lectures on topics such as: “**Why Changing Corporate Governance Culture is so Difficult, and How it Can be Done**”, “**The Changing Role of Corporate Governance in Japan**”; “**Where Governance Meets Information Security**”, and other topics.

61) BDTI has provided **customized director training and/or compliance training programs, and consulting and training related to compliance with the Corporate Governance Code to 20 different Japanese companies** since inception.

B DTI has also provided director coaching services to newly appointed directors, and detailed input to foreign investment institutions regarding corporate governance, engagement, and related practices in Japan.

We welcome suggestions for new seminar topics and lecturers.

A donation statement follows on the next page. We thank you in advance.

Banking Instructions

If you care to make a donation to BDTI, we thank you very much for your interest in, and support of, our activities. We truly appreciate it. The following is our bank account information:

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